



CHG
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United States
Department of
Agriculture

Office of the Chief
Financial Officer

1400 Independence
Avenue, SW

Washington, DC
20250

MAY - 4 1998

Ms. Cynthia L. Johnson
Director, Cash Management Policy Planning Division
Financial Management Service
Department of the Treasury
401 14th Street, SW, Room 420
Washington, D.C. 20227

Dear Ms. Johnson:

The Department of Agriculture (USDA) appreciates the opportunity to review and comment on the proposed rule of 31 CFR 210, Federal Government Participation in the Automated Clearing House.

We find that the proposed rule generally follows the National Automated Clearing House Association's (NACHA) rules for making Automated Clearing House (ACH) entries. Since USDA agencies use ACH electronic fund transfers to make various salary, vendor, and miscellaneous payments, agencies currently follow the NACHA standards as part of their day-to-day business practices. Our comments on the proposed rule, by section, include:

Section 210.6 (b) Prenotifications.

Occasionally first time credit or debit entries are required on short notice. What time limits will be placed on financial institutions to ensure timely verification of prenotifications?

The proposed rule requires that an agency do a prenotification prior to sending a debit ACH transaction. Will there be any exceptions allowed? If a prenotification is not done, what liabilities (if any) will agencies incur? If a prenotification is not done and a transmission is incorrect, what recourse will the agency be allowed?

Section 210.6 (g) Reversals.

The proposed rule states that when agencies are authorized by recipients to use the ACH system for financial transactions, agencies have the right to make reversals if an erroneous entry has been made (i.e., the wrong dollar amount). If a reversal is done, is

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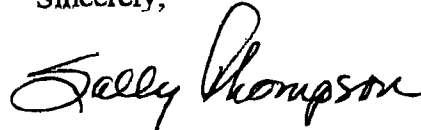
there a set time frame for making reversals? Will money going into the wrong account where the agency has no authorization be retrievable? Will the financial institution or the agency be responsible for notifying the customer when problems of this nature occur?

Section 210.10 (d) Time Limits.

The proposed rule states a 6-year limitation for the Government to pursue collection of benefit payments made to the accounts of deceased or incompetent persons. Is the same 6-year limitation also applied to a payee's ability to request a replacement of a missing, lost, or misdirected payment by the Government?

If there are any questions regarding USDA's comments on the 31 CFR 210 proposed rule, please contact Dale Theurer on (202) 720-1167.

Sincerely,



Sally Thompson
Chief Financial Officer

cc: CFO Advisory Council
John Ortego, NFC